

## **LOCAL ECONOMIC INDICATORS**

The following indicators provide information on current local economic activity compared to prior years and State/national trends. Trends in the data assist in generating projections for general purpose revenue such as property tax, sales tax, and transient occupancy tax:

- A. Bay Area Consumer Price Index (CPI)
- B. First-Time Housing Affordability Index)
- C. Median Home Price and Home Sales
- D. Foreclosure Activity
- E. Property Reassessment and Assessment Appeal Filings
- F. Building Permits Issued
- G. Office Space Availability
- H. San Francisco International Airport – Total Passengers
- I. Unemployment Rate
- J. Per Capita Personal Income

### **Bay Area Consumer Price Index (CPI)**

The Consumer Price Index (CPI) measures the change in the price of goods over time. The change in the index is referred to as the rate of inflation, and is used in assumptions for calculating future costs. The Consumer Price Index for all urban consumers, all items in 2012 increased 2.7% in the Bay Area, 2.2% in California, and 2.1% in the United States. Bay Area CPI is forecasted to increase 2.0% in 2013 and 2.2% increase in 2014, mirroring similar increases for California and the Nation.

<i>CPI Annual Averages</i>	<i>Bay Area<sup>1</sup> % Change</i>	<i>California % Change</i>	<i>U.S. % Change</i>
2014*	2.2%	2.1%	2.0%
2013*	2.0%	2.0%	1.9%
2012	2.7%	2.2%	2.1%
2011	2.6%	2.6%	3.2%
2010	1.4%	1.3%	1.6%
2009	0.7%	-0.3%	-0.4%
2008	3.1%	3.4%	3.8%
2007	3.3%	3.3%	2.8%
2006	3.2%	3.9%	3.2%
2005	2.0%	3.7%	3.4%
2004	1.2%	2.6%	2.7%

<sup>1</sup> Bay Area (San Francisco CMSA) includes the counties of Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Santa Cruz, Solano and Sonoma.

\*Forecasts: CA Department of Finance

Sources: San Francisco CMSA: US Bureau of Labor Statistics; California: Calculated by the CA Department of Finance using a formula developed by the CA Dept. of Industrial Relations (DIR); United States: US Bureau of Labor Statistics.

### **First-Time Housing Affordability Index**

The housing affordability index is the most fundamental measure of housing well-being in the state. The percentage of first-time buyers who can afford to purchase a median-priced home in the third quarter of 2012 was 46%. The statewide figure of 67% has dropped from the high in 2011 of 71%. San Mateo County experienced a similar decrease from 51% to 46% over the past year and continues to be one of the least affordable places to buy a home in California, with only San Francisco at 45% ranked lower.

<i>First-Time Buyer Housing Affordability Index</i>	<i>3rd Quarter</i>	<i>3rd Quarter</i>
<i>by Region</i>	<i>2011</i>	<i>2012</i>
California	71%	67%
United States	81%	80%
SF Bay Area*	62%	57%
Sacramento	85%	84%
Santa Clara	60%	56%
Monterey Region	76%	72%
Alameda County	60%	56%
Contra Costa County	53%	52%
San Francisco	48%	45%
Marin County	47%	47%
San Mateo County	51%	46%

Source: CA Association of Realtors [www.car.org](http://www.car.org)

### **Median Home Price**

The number of homes sold in the Bay Area is up by 15.5% from last November. Median home prices are up by 20.5% compared to the prior year. The median price paid for a Bay Area home was \$438,000 in November 2012 compared to \$363,500 a year ago. The volume of homes sold in San Mateo County was up by 19.3%. The median home price increased by 13.9% to \$618,000 compared to \$542,500 in 2011. Prices of homes in the County continue to be one of the highest in the Bay Area and the State. DataQuick reports show that Federal Housing Administration (FHA) loans made up 17.0% of all Bay Area purchase loans in November 2012, which was down from 21.0% a year earlier.

	<i>Number of Homes Sold November 2011</i>	<i>Number of Homes Sold November 2012</i>	<i>Number of Homes Sold % Change</i>	<i>Median Price November 2011</i>	<i>Median Price November 2012</i>	<i>Median Price % Change</i>
Bay Area	6,317	7,296	15.5%	\$363,500	\$438,000	20.5%
Alameda	1,334	1,525	14.3%	340,000	415,000	22.1%
Contra Costa	1,225	1,394	13.8%	255,000	322,000	26.3%
Santa Clara	1,478	1,707	15.5%	452,000	550,000	21.7%
San Mateo	513	612	19.3%	542,500	618,000	13.9%
San Francisco	422	524	24.2%	644,500	728,000	13.0%
Marin	239	272	13.8%	629,000	682,000	8.4%
Napa	99	133	34.3%	297,000	360,000	21.2%
Solano	522	584	11.9%	190,000	221,500	16.6%
Sonoma	485	545	12.4%	285,000	349,000	22.5%

Source: DataQuick Information Systems:

<http://www.dqnews.com/Articles/2012/News/California/Bay-Area/RRBay121213.aspx>

### **Foreclosure Activity**

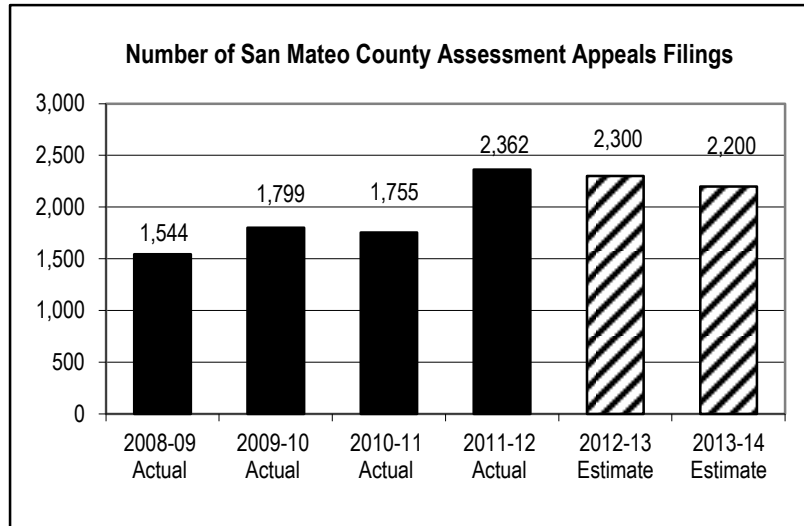
During the third quarter of 2012, mortgage default notices were down statewide by 31.2% from the same period last year with lending institutions issuing 22,249 fewer notices. Default notices have declined even further in the San Francisco Bay Area by 39.8%. In San Mateo County, default notices have decreased by 402 or 44.3%. The overall improvement in the housing market has increased property values, allowing property owners the option to refinance their loans, rather than default.

<i>Notices of Default</i>	<i>3rd Quarter 2011</i>	<i>3rd Quarter 2012</i>	<i>% Change</i>
California	71,275	49,026	-31.2%
SF Bay Area	12,092	7,284	-39.8%
Sacramento	4,351	2,766	-36.4%
Santa Clara	2,176	1,236	-43.2%
Monterey Region	1,961	1,325	-32.4%
Alameda County	2,654	1,555	-41.4%
Contra Costa County	3,022	1,822	-39.7%
San Francisco	472	257	-45.6%
Marin County	295	241	-18.3%
<b>San Mateo County</b>	<b>908</b>	<b>506</b>	<b>-44.3%</b>
San Joaquin County	1,933	1,313	-32.1%
Los Angeles County	1,491	938	-37.1%

Source: DataQuick: DQNews.com,  
<http://www.dqnews.com/Articles/2012/News/California/CA-Foreclosures/RRFor121017.aspx>

### **Property Reassessment and Assessment Appeals Filings**

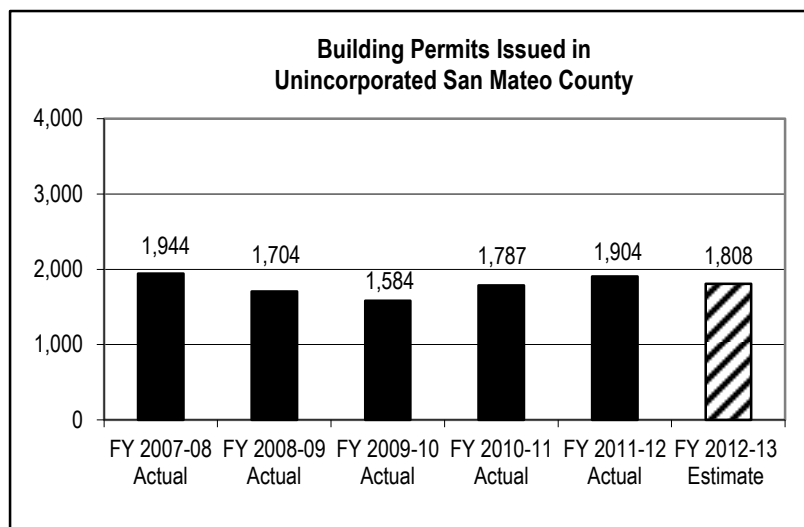
There were 2,362 new assessment appeals filings for FY 2011-12, which was a 35% increase over FY 2010-11. The estimated number of appeals filings for FY 2012-13 is 2,300. As economic conditions continue to improve and property values increase, fewer assessment appeal filings are expected in future years.



Source: San Mateo County Assessor's Office

### **Building Permits**

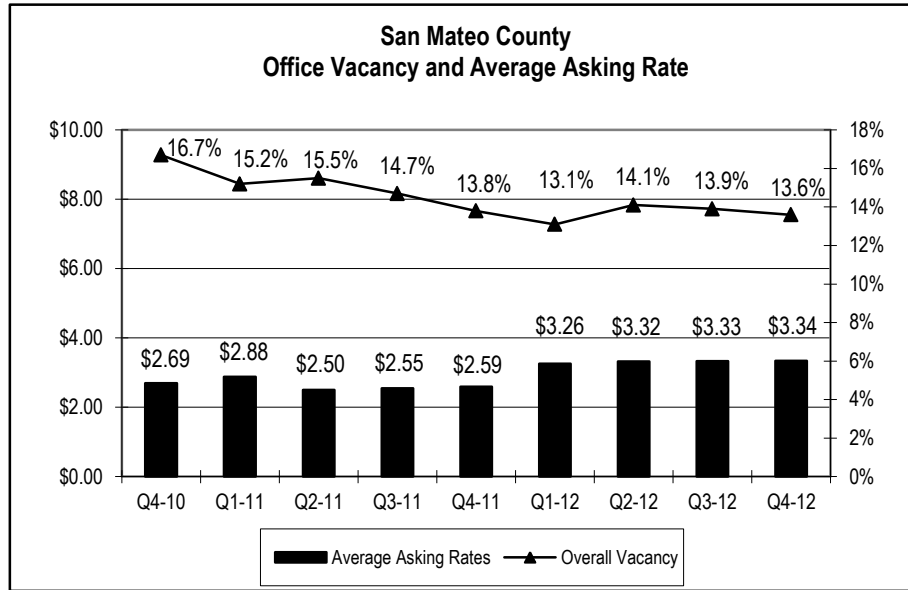
The number of building permits issued by the Planning and Building Department is decreasing slightly. The permits being issued show an increase in remodel work and new roof installation and a decrease in new home construction.



Source: San Mateo County Planning and Building Department

**Office Space Availability**

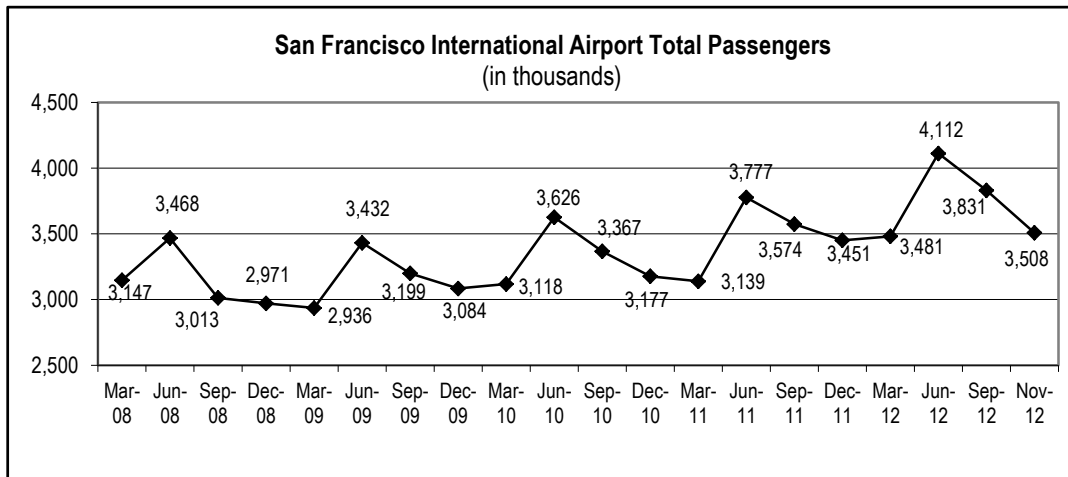
The overall office vacancy rate has decreased since 2010 from 16.7% in Q4-10 to 13.6% in Q4-12, with a corresponding increase in the average asking rate. San Mateo County is currently experiencing a lack of supply of larger blocks of space favored by tech companies, which account for 35% of current office requirements in the Bay Area. This has had a moderate impact on asking and vacancy rates.



1. Average asking rate includes utilities, maintenance, insurance, and all other expenses related to occupancy  
 Source: Cassidy Turley Commercial Real Estate Services

### San Francisco Airport – Total Passengers

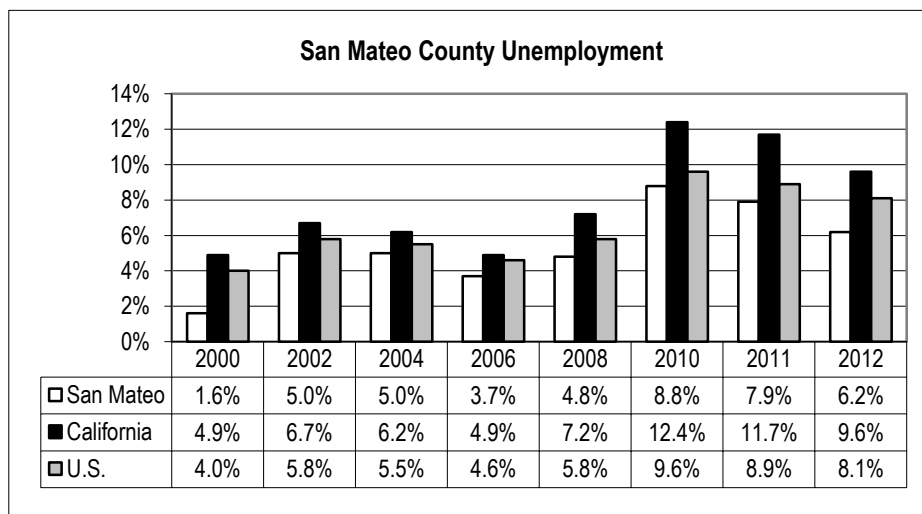
A significant portion of the County’s unsecured property tax and sales tax revenues come from businesses at San Francisco International Airport, so it is important to monitor patterns in airport activity. Information for the month of December 2012 is not yet available, but total annual airport passengers is up 9.3% from 37.6 million through November 2011 to 41.1 million through November 2012.



Source: <http://www.flysfo.com/web/page/about/news/pressres/stats.html>

### Unemployment Rate

Unemployment rates at the local, state and national levels are down from last year. San Mateo County unemployment is down from 7.9% in 2011 to 6.2% in 2012, with 24,500 unemployed. The county continues to have one of the lowest unemployment rates in the state, second only to Marin County with 5.8% unemployment in 2012.

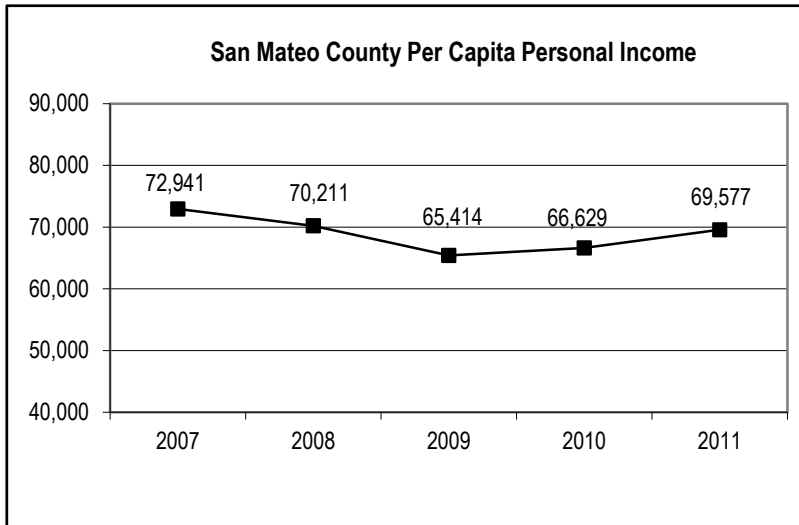


Source: <http://www.calmis.ca.gov/file/lfmonth/countyur-400c.pdf>



**San Mateo County Per Capita Personal Income**

In San Mateo County, personal income increased 4.4% from \$66,629 per capita in 2010 to \$69,577 per capita in 2011. Data for 2012 is not yet available.



Source: U.S. Department of Commerce Bureau of Economic Analysis